REMARKS

Newly added Claims 35-47 are pending herein. Claims 15-34 have been cancelled without prejudice or disclaimer.

The present amendment addresses all the Examiner's objections included in the Examiner's Office Action dated April 22, 2004.

In the specification, the previously amended paragraph has been deleted according to the Examiner's direction, so no new matter has been introduced into the disclosure.

According to the references cited by the Examiner, all claims relating to payment by tokens by a user to another party for services or goods have been deleted.

For clarity, all previous claims have been deleted without prejudice and new claims 35-47 are added to avoid all of the Examiner's objections and all the cited prior art references.

The Examiner objected to the previous claims under Section 101 and indicated that the claims should be amended to clarify the steps being performed within the technological arts. Claims 35 and 41, and the remaining new claims depending therefrom have been so amended and the applicant respectfully submits that this objection has been overcome.

The Examiner also objected to the previous claims under Sections 102 and 103 (anticipation and obviousness) over the prior art. The prior art disclosed several methods

of payment by tokens. The tokens were transferred by the user to a second party who could redeem them with the token's issuer.

In the present invention, no tokens are transferred from a user to a second party during communication between them.

In the present invention, tokens are being purchased by the user from a third party (a digital tokens issuer who may or may not also be the third party service provider) that never requested to be part of communication between the user and other parties.

In order to illustrate and clarify the scope of the current invention the following example is provided: a user purchases digital stamps from a third party that, for this example, issued a word processing software to the user. Each time the user uses the word processing software, a stamp is cancelled. This method has practical merit. As the third party can sell the software package for nominal price, or even distribute it for free, while collecting money for actual usage of the software package.

In the current invention, a statistical check of the integrity of usage of the stamps is disclosed, in a way that other parties to communication with the user will see and optionally report on detected misuse of stamps by the user. Such statistical check by users could serve as economical measure for several implementations similar to the above example.

For clarity, the following example is provided: with a wireless walkie-talkie set, the manufacturer can sell it for discount or even distribute it for free. The manufacturer

will collect money each time the walkie-talkie is used, by means of "canceling" tokens purchased by the user.

In the prior art, no such disclosure was made and no disclosure was made of statistical check on the proper usage of a user, by other parties to regular communication with the user.

It was not known in the digital world that this combination of usage and cancellation of tokens by the user himself and statistical check by other users having communication with the user, nor was this disclosed or rendered obvious by any of the references cited by the Examiner.

In Hill, for example, US Patent 6,236,981, the tokens are based on random numbers at the issuer which allow safe redeeming of the token by the seller when transferred from the user to a seller. This provides for safe payment from one person to another. Hill does not disclose any payment by a user that is not intended to be transferred to another user. Hill's entire disclosure is to secure the payment by the other party who is being paid by the user. Therefore, it is respectfully submitted that the current invention is neither anticipated nor made obvious by Hill.

In Kravitz, US Patent 6,029,150 a method of safe payment is disclosed between plurality of customers having accounts with an agent. Kravitz facilitates the safe payment of a customer to a merchant using the services of the agent. Kravitz does not anything even vaguely similar to the present invention, so the present invention is not obvious in light of Kravitz.

In Yacobi, US Patent 5,872,844 a method of safe transfer of funds from one digital wallet to another digital wallet is disclosed. The entire disclosure is concentrated of the safe transaction between wallets. Therefore, the present invention is not obvious in light of Yacobi.

The article "Digital cash solution sought" by Gary H. Anthes, in Computerworld, states that "None of the payment methods available today can adequately serve as ``digital cash" in a distributed network environment, according to a coalition of information technology users and vendors."

This is a statement of a problem, rather than a proposal for a solution. The article goes on to further detail problems with contemporary digital payment methods. This article does not describe the current disclosed method of payment, by canceling tokens by the user himself and a statistical check of the proper usage of tokens by other users. Indeed, it is the purpose of the novel method in the present application to provide a novel solution to some of such problems, as detailed in that article.

Therefore, it is submitted that new Claim 35 defines a novel method for electronic payments, which is not disclosed nor suggested in the prior art and cited references.

It is submitted, therefore, that new Claim 35 is clearly allowable over the cited references.

The new Claim 35 is directed to a method for paying for a service, by the usage of digital tokens by the user, wherein a user uses a service, which is in his possession, for which payment is required, and that user pays for the use of the service by canceling

tokens stored thereby. Rather than having the tokens canceled by others, as in prior art, in the present invention the user of the service himself will cancel tokens in his possession.

The service may be, for example, software for connecting with another user. The user pays for each use of the software. The user, therefore, acquires electronic tokens from a tokens issuer and stores the tokens in a user's database.

As the user is using the service for which payment is required, the user cancels tokens accordingly. According to the present invention, it is the user's responsibility to pay for the use of the service by tokens previously acquired. Whereas prior art methods impose payment on the user, in the present invention it is a matter of self-discipline for the user to pay for the service as required.

Claims 36 - 40 all depend from Claim 35, and are therefore believed to be allowable with that claim apart from the further features set forth, which features are also lacking in the cited references.

New Claim 41 is a method for monitoring the proper use of tokens by the user during a digital communication between the user and a second party, where a third party has issued the tokens to the user but does not take part in the communication between the parties.

To enforce the proper usage of tokens by the user, each user has to report to other users on the cancellation of tokens. Thus, in a statistical manner, the public or the other participants in the distributed digital communications environment, will monitor other user's transactions and will detect possible violations.

The applicant believes such a method is more effective in preventing fraud than prior art methods; it is akin to having people passing by on a busy street in daylight being more effective in preventing a burglary of a house on that street, than locked houses, in the dark with no one watching.

The method in new claim 41 works according to the former case in the above example, whereas all the patents cited by Examiner belong to the latter case.

The above discussion in relation to Claim 35 and the prior art patents cited by Examiner applies equally to Claim 41.

Therefore, it is submitted that new Claim 41 defines a novel method for digital monitoring for payment by tokens for services, which is not disclosed nor suggested in the cited references.

Claims 42-47 all depend from Claim 41, and are therefore believed to be allowable with that claim apart from the further features set forth therein.

The specification has been amended by deleting the previous amendment, so the original disclosure has not been changed and no new subject matter has been introduced.
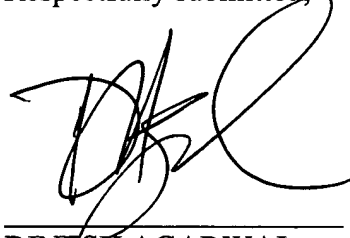
CONCLUSION

For the reasons discussed above, it is respectfully submitted that Claims 35-47 are in condition of allowance. Withdrawal of the objections/rejections and allowance of Claims 35-47 are respectfully solicited.

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It is believed that no additional fee is due for this submission. Should that determination be incorrect, the Commissioner is hereby authorized to charge any deficiency, or credit5 any overpayment, to our Deposit Account No. 01-0433, and notify the undersigned in due course.

Should the Examiner have any questions or wish to discuss further this matter, please contact the undersigned at the telephone number provided below.

Respectfully submitted,

DINESH AGARWAL
Attorney for Applicant(s)
Reg. No, 31, 809

Law Office - Dinesh Agarwal, P.C.
5350 Shawnee Road, Suite 330
Alexandria, Virginia 22312
Telephone: (703) 642-9400
Fax: (703) 642-9402

DA/jv